

**FRIENDS OF THE ROSAMOND GIFFORD ZOO
AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Consolidated Financial Statements

December 31, 2017

FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC

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December 31, 2017

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of the Rosamond Gifford Zoo at Burnet Park, Inc. and
Catering at the Zoo, LLC
Syracuse, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Friends of the Rosamond Gifford Zoo at Burnet Park, Inc. and Catering at the Zoo, LLC, a component unit of Onondaga County, which comprise the consolidated statements of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Member of American Institute of Certified Public Accountants
and New York State Society of Certified Public Accountants

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Rosamond Gifford Zoo at Burnet Park, Inc. and Catering at the Zoo, LLC as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidated schedule of functional expenses on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Friends of the Rosamond Gifford Zoo at Burnet Park, Inc. and Catering at the Zoo, LLC's December 31, 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grossman St. Amour CPA

Syracuse, New York
April 19, 2018

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Consolidated Statement of Financial Position

December 31, 2017

(with Comparative Totals for December 31, 2016)

| | ASSETS | | 2017 | 2016 |
|--|-----------------------------------|--|---------------------|---------------------|
| Current assets: | | | | |
| Cash and cash equivalents | | | \$ 2,152,683 | \$ 1,724,684 |
| Pledges and other receivables, current portion | | | 48,389 | 48,024 |
| Prepaid expenses | | | 110,983 | 81,668 |
| Inventories | | | 116,049 | 107,778 |
| Total current assets | | | <u>2,428,104</u> | <u>1,962,154</u> |
| Investments | | | <u>4,103,143</u> | <u>3,567,133</u> |
| Furniture and equipment, net | | | <u>65,500</u> | <u>79,015</u> |
| | | | <u>\$ 6,596,747</u> | <u>\$ 5,608,302</u> |
| | LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | | |
| Accounts payable | | | \$ 42,652 | \$ 159,908 |
| Accrued salaries and payroll expenses | | | 90,612 | 85,571 |
| Deferred revenue | | | 56,825 | 66,563 |
| Due to Onondaga County | | | 87,888 | 90,902 |
| Total current liabilities | | | <u>277,977</u> | <u>402,944</u> |
| Net assets: | | | | |
| Unrestricted | | | 2,074,717 | 1,751,974 |
| Temporarily restricted | | | 2,160,385 | 1,369,716 |
| Permanently restricted | | | 2,083,668 | 2,083,668 |
| Total net assets | | | <u>6,318,770</u> | <u>5,205,358</u> |
| | | | <u>\$ 6,596,747</u> | <u>\$ 5,608,302</u> |

The accompanying notes are an integral part of the consolidated financial statements.

FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC

Consolidated Statement of Activities

For the Year Ended December 31, 2017

(with Summarized, Comparative Totals for the Year Ended December 31, 2016)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | |
|---|---------------------|---------------------------|---------------------------|---------------------|---------------------|
| | | | | 2017 | 2016 |
| Support: | | | | | |
| Contributions and grants | \$ 288,495 | \$ 481,665 | \$ - | \$ 770,160 | \$ 502,548 |
| Special events net of direct expenses of \$87,530 and \$66,361 in 2017 and 2016, respectively | 74,357 | - | - | 74,357 | 93,720 |
| Total support | 362,852 | 481,665 | - | 844,517 | 596,268 |
| Revenue: | | | | | |
| Memberships | 536,602 | - | - | 536,602 | 552,794 |
| Sale of merchandise net of cost of sales of \$467,073 and \$457,612, in 2017 and 2016, respectively | 801,622 | - | - | 801,622 | 880,358 |
| Program fees | 394,747 | - | - | 394,747 | 339,454 |
| Rental/catering income net of cost of sales of \$173,480 and \$165,361 in 2017 and 2016 respectively | 491,319 | - | - | 491,319 | 382,378 |
| Net appreciation (depreciation) in market value of investments | - | 518,008 | - | 518,008 | 119,952 |
| Interest and dividend income | 2,650 | 82,194 | - | 84,844 | 77,646 |
| Total revenue | 2,226,940 | 600,202 | - | 2,827,142 | 2,352,582 |
| Net assets released from restrictions | 291,198 | (291,198) | - | - | - |
| Total support and revenue | 2,880,990 | 790,669 | - | 3,671,659 | 2,948,850 |
| Expenses: | | | | | |
| Program services: | | | | | |
| Zoo support | 773,398 | - | - | 773,398 | 2,749,122 |
| Gift shop | 208,555 | - | - | 208,555 | 210,601 |
| Educational programs | 247,311 | - | - | 247,311 | 259,294 |
| Facility rentals/catering | 491,595 | - | - | 491,595 | 380,778 |
| Total program services | 1,720,859 | - | - | 1,720,859 | 3,599,795 |
| Supporting services: | | | | | |
| Management and general | 534,046 | - | - | 534,046 | 516,549 |
| Fundraising | 303,342 | - | - | 303,342 | 327,836 |
| Total supporting services | 837,388 | - | - | 837,388 | 844,385 |
| Total expenses | 2,558,247 | - | - | 2,558,247 | 4,444,180 |
| Change in net assets | 322,743 | 790,669 | - | 1,113,412 | (1,495,330) |
| Net assets at beginning of year | 1,751,974 | 1,369,716 | 2,083,668 | 5,205,358 | 6,700,688 |
| Net assets at end of year | <u>\$ 2,074,717</u> | <u>\$ 2,160,385</u> | <u>\$ 2,083,668</u> | <u>\$ 6,318,770</u> | <u>\$ 5,205,358</u> |

The accompanying notes are an integral part of the consolidated financial statements.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2017

(with Comparative Totals for the Year Ended December 31, 2016)

| | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,113,412 | \$ (1,495,330) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 28,687 | 31,125 |
| Realized (gain) loss on investments | (238,272) | 462 |
| Unrealized (gain) loss on investments | (279,736) | (120,414) |
| Changes in operating assets and liabilities: | | |
| Receivables | (365) | 18,966 |
| Prepaid expenses | (29,315) | (26,788) |
| Inventories | (8,271) | (3,160) |
| Accounts payable | (117,256) | (34,156) |
| Accrued salaries and payroll expenses | 5,041 | (9,089) |
| Deferred revenue | (9,738) | (31,990) |
| Due to Onondaga County | (3,014) | (3,153) |
| Net cash provided by (used in) operating activities | <u>461,173</u> | <u>(1,673,527)</u> |
| Cash flows from investing activities: | | |
| Purchase of furniture and equipment | (15,172) | (31,280) |
| Proceeds from sales of securities | 4,637,008 | 1,846,308 |
| Purchases of securities | (4,655,010) | (1,845,416) |
| Net cash used by investing activities | <u>(33,174)</u> | <u>(30,388)</u> |
| | | |
| Net increase (decrease) in cash | 427,999 | (1,703,915) |
| | | |
| Cash and cash equivalents at beginning of year | <u>1,724,684</u> | <u>3,428,599</u> |
| | | |
| Cash and cash equivalents at end of year | <u>\$ 2,152,683</u> | <u>\$ 1,724,684</u> |

The accompanying notes are an integral part of the consolidated financial statements.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO; LLC**

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

Friends of the Rosamond Gifford Zoo at Burnet Park, Inc. (the Friends) is a non-profit corporation established in 1970 to stimulate the interest of the public in the extension and improvement of the Rosamond Gifford Zoo at Burnet Park (the Zoo) and, where possible, to assist in the expansion of the Zoo facilities. The Zoo is operated by Onondaga County, New York, therefore the Friends is treated as a component unit of Onondaga County.

The Friends collects membership fees and runs a gift shop and a Jungle Café which are located at the Zoo. Educational programs are also conducted and a periodic publication, MyZoo Magazine, is published. The Friends also solicits volunteers for the zoo and provides support for upgrading of zoo exhibits.

Catering at the Zoo, LLC (LLC), a wholly owned subsidiary of the Friends, was formed for the purpose of conducting the catering business at the Zoo. The Friends is the sole member of LLC.

Financial Statement Presentation

The financial statements are presented on the accrual basis of accounting. The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Friends' financial statements for the year ended December 31, 2016 from which the summarized information was derived.

Consolidated Financial Statements

These consolidated financial statements include financial information of the Friends of Rosamond Gifford Zoo at Burnet Park, Inc. and Catering at the Zoo, LLC. All intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Friends considers short-term investments purchased with an original maturity of three months or less to be cash equivalents. Balances are maintained at various financial institutions and are insured up to the FDIC limits.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Investments

Investments are carried at market value based on quoted market prices. Interest and dividends, realized and unrealized gains and losses accrue to temporarily restricted net assets. Realized and unrealized gains and losses are reported in the aggregate as net appreciation on investments on the statement of activities.

Receivables and Revenue Recognition

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support based on the nature of donor restrictions. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Reserves are recorded when specific receivables are deemed to be uncollectible. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Donor restricted contributions and grants whose restrictions are met within the same year as received are reflected as unrestricted contributions and grants.

Inventories

Inventories consist of store merchandise for resale in the gift shop, and supplies for the Jungle Café and catering services. They are stated at the lower of cost or market. Cost is determined by the weighted-average method for gift shop inventory, and on a first-in, first-out method for the Jungle Café and catering services.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of gift. Depreciation is provided on a straight-line basis over the estimated useful life for each of the respective assets. Maintenance and repairs are charged to expense when incurred; major renewals and betterments greater than \$1,000 are capitalized.

Donated Services and Materials

In-kind support is reflected as support with offsetting expense in the accompanying financial statements at estimated value where an objective valuation basis is available. During 2017 and 2016 various goods and services were donated for fund-raising activities and support services. The approximate value of these goods and services was \$33,500 and \$14,400 for the years ended December 31, 2017 and 2016, respectively.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Donated Services and Materials (continued)

A substantial number of volunteers donate their time to assist the Friends in its programs and fundraising activities. During the years ended December 31, 2017 and 2016, approximately 35,500 and 36,000 hours have been donated, respectively. No amounts have been reflected in the accompanying statements for these donated services, as no objective basis is available to measure the value of such services.

Vacation Pay

Vacation pay is accrued as earned.

Classification of Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Friends and LLC and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Friends and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Friends. Generally, the donors of these assets permit the Friends to use all or part of the income on any related investments for general or specific purposes.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs benefited, based on management's estimates of time spent, occupancy or usage. Costs specifically identified to a program are charged directly to that program.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Friends is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Code.

The Friends evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2017, the Friends does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year, including the determination that the Friends maintains its tax exempt status.

The Friends' information and income tax returns will be subject to examination by taxing authorities for a period of three years from the date they are filed. It is the Friends' policy to recognize any interest and penalties as expenses in the year assessed.

LLC is a disregarded entity for federal income tax purposes; therefore, all tax attributes flow through to the Friends as the sole member. LLC's activities, which include providing catering services and facility rental, are considered unrelated to the Friends' exempt purpose. As such, any income derived from LLC's activities, less allocable expenses, is considered unrelated business income to the Friends. Income taxes paid on unrelated business income are included in facility rental/catering expense on the consolidated statement of activities.

Risks and Uncertainties

The Friends maintains cash balances at various financial institutions in New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation, at times throughout the year, cash balances exceeded the insured limits.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the consolidated statement of financial position and the consolidated statement of activities.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

2. Investments

Investments consist of money market savings and indexed mutual funds which are carried at fair value. A summary of investments at December 31 is as follows:

| | 2017 | | 2016 | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| | Market | Cost | Market | Cost |
| Money market funds | \$ 70,324 | \$ 70,324 | \$ 77,781 | \$ 77,781 |
| Mutual fund investments: | | | | |
| Domestic equity: | | | | |
| Value funds | 308,567 | 257,946 | 551,838 | 487,943 |
| Growth funds | 528,763 | 402,623 | 920,721 | 795,276 |
| Core | 573,581 | 479,284 | - | - |
| Real estate funds | 51,116 | 46,677 | 35,488 | 27,669 |
| International equity: | | | | |
| Growth funds | 487,533 | 390,575 | 486,505 | 498,510 |
| Value funds | 446,018 | 395,544 | 274,005 | 276,000 |
| Real estate funds | 24,051 | 22,032 | 30,812 | 31,676 |
| Specialized industry funds | | | 181,956 | 181,239 |
| Fixed income funds | 1,381,965 | 1,385,181 | 1,008,027 | 1,031,146 |
| Equity Securities: | | | | |
| Financial | 69,509 | 65,863 | - | - |
| Energy | 34,392 | 30,490 | - | - |
| Other | 127,324 | 116,631 | - | - |
| | <u>\$ 4,103,143</u> | <u>\$ 3,663,170</u> | <u>\$ 3,567,133</u> | <u>\$ 3,407,240</u> |
| Unrealized appreciation | | <u>\$ 439,973</u> | | <u>\$ 159,893</u> |

3. Fair Value Measurements and Investments

The Friends' investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Friends believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

3. Fair Value Measurements and Investments (continued)

unobservable and have the lowest priority. The Friends uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Friends measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Friends.

Level 1 Fair Value Measurements

The fair values of mutual funds are based on the closing price reported in the active market where the individual securities are traded, when available.

The following tables set forth by level, within the fair value hierarchy, the Friends' assets at fair value as of December 31, 2017 and 2016:

| | <u>As of December 31, 2017</u> | | | |
|----------------------------|---|-----------------------------------|----------------|----------------|
| | <u>Assets</u> | <u>Fair Value Hierarchy Level</u> | | |
| | <u>Measured at</u> <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
| Money market funds | \$ 70,324 | \$ 70,324 | \$ - | \$ - |
| Mutual fund investments: | | | | |
| Domestic equity | | | | |
| Value funds | 308,567 | 308,567 | - | - |
| Growth funds | 528,763 | 528,763 | - | - |
| Core funds | 573,581 | 573,581 | - | - |
| Real estate funds | 51,116 | 51,116 | - | - |
| International equity | | | | |
| Growth funds | 487,533 | 487,533 | - | - |
| Value funds | 446,018 | 446,018 | - | - |
| Real estate funds | 24,051 | 24,051 | - | - |
| Specialized industry funds | - | - | - | - |
| Fixed income funds | 1,381,965 | 1,381,965 | - | - |
| Equity Securities: | | | | |
| Financial | 69,509 | 69,509 | - | - |
| Energy | 34,392 | 34,392 | - | - |
| Other | 127,324 | 127,324 | - | - |
| Total assets at fair value | <u>\$ 4,103,143</u> | <u>\$ 4,103,143</u> | <u>\$ -</u> | <u>\$ -</u> |

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

3. Fair Value Measurements and Investments (continued)

| | As of December 31, 2016 | | | |
|----------------------------|---------------------------|----------------------------|-------------|-------------|
| | Assets | Fair Value Hierarchy Level | | |
| | Measured at Fair Value | Level 1 | Level 2 | Level 3 |
| Money market funds | \$ 77,781 | \$ 77,781 | \$ - | \$ - |
| Mutual fund investments: | | | | |
| Domestic equity | | | | |
| Value funds | 551,838 | 551,838 | - | - |
| Growth funds | 920,721 | 920,721 | - | - |
| Real estate funds | 35,488 | 35,488 | | |
| International equity | | | | |
| Growth funds | 486,505 | 486,505 | - | - |
| Value funds | 274,005 | 274,005 | | |
| Real estate funds | 30,812 | 30,812 | - | - |
| Specialized industry funds | 181,956 | 181,956 | - | - |
| Fixed income funds | 1,008,027 | 1,008,027 | - | - |
| Total assets at fair value | <u>\$ 3,567,133</u> | <u>\$ 3,567,133</u> | <u>\$ -</u> | <u>\$ -</u> |

4. Receivables

Receivables at December 31, 2017 and 2016 are as follows:

| | 2017 | 2016 |
|-----------------------------|------------------|------------------|
| Pledges receivable | 5,325 | 19,820 |
| Accounts receivable | 44,464 | 29,604 |
| | 49,789 | 49,424 |
| Less allowance for bad debt | (1,400) | (1,400) |
| Total receivables | <u>\$ 48,389</u> | <u>\$ 48,024</u> |

Pledges expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The Friends records the net present value of long-term pledges receivable as income in the year the pledge is made. All remaining pledges and receivables at December 31, 2017 are expected to be collected during 2018 and have been classified as current on the consolidated statement of financial position.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

5. Furniture and Equipment

Furniture and equipment are allocated to various activities as follows:

| | 2017 | 2016 |
|--------------------------------|-----------|-----------|
| Zoo support | \$ 37,247 | \$ 37,247 |
| Gift shop | 29,784 | 29,784 |
| Education | 30,726 | 30,726 |
| Catering | 247,820 | 232,648 |
| Management & general | 91,562 | 91,562 |
| | 437,139 | 421,967 |
| Less: Accumulated depreciation | (371,639) | (342,952) |
| | \$ 65,500 | \$ 79,015 |

Depreciation expense for the years ended December 31, 2017 and 2016 was approximately \$28,700 and \$31,100, respectively.

6. Agreements with Onondaga County

The Friends have an agreement with Onondaga County regarding membership, whereby free admission is part of the benefits that members of the Friends receive. A portion of the membership fees collected is paid to the County to help defray the expense of this benefit and is also shown on the financial statements as zoo support expenses in program services. In 2017 and 2016, these expenses were approximately \$76,000 and \$78,000, respectively.

The Friends also have an agreement with Onondaga County to operate the Jungle Café at the Zoo, for the convenience of the Zoo visitors. The Friends pay the County \$30,000 each year from the profits of the café. The County was owed \$15,000 for these payments at December 31, 2017 and 2016.

The amounts due to Onondaga County at December 31, 2017 and 2016 consisted of the following:

| | 2017 | 2016 |
|-------------|-----------|-----------|
| Memberships | \$ 72,888 | \$ 75,902 |
| Jungle Café | 15,000 | 15,000 |
| | \$ 87,888 | \$ 90,902 |

In addition, at December 31, 2017, accounts receivable includes approximately \$12,000 receivable from the County for a catering event held in September 2017. There were no receivables from the County at December 31, 2016.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

7. Net Assets

Unrestricted Net Assets

Unrestricted net assets are used for the day-to-day operations of the Friends. Board Designated Net Assets represent funds voluntarily set aside by the Board. They consist of the following for the years ended December 31, 2017 and 2016:

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Undesignated, available for general operations | \$2,009,217 | \$1,631,525 |
| Designated for equipment purchases | - | 41,434 |
| Net furniture and equipment | 65,500 | 79,015 |
| | \$2,074,717 | \$1,751,974 |

Temporarily Restricted Net Assets

Net assets at December 31, 2017 and 2016 have been temporarily restricted by donor stipulation for the following purposes:

| | 2017 | 2016 |
|---|--------------------|--------------------|
| Restricted for future projects | 589,150 | 322,451 |
| Restricted for the education outreach program | 27,693 | 26,569 |
| Restricted for endowment purposes | 1,543,542 | 1,020,696 |
| | \$2,160,385 | \$1,369,716 |

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

7. Net Assets (continued)

Permanently Restricted Net Assets

The permanently restricted net assets consisted of the following at December 31, 2017 and 2016:

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Rosamond Gifford Charitable Corporation | | |
| Endowed Education Program | \$2,000,000 | \$2,000,000 |
| Endowment, for camperships/scholarships | 11,445 | 11,445 |
| Estate proceeds, earnings to be used for | | |
| educational programs at the Zoo | 67,132 | 67,132 |
| Endowment, for general operating | 5,091 | 5,091 |
| | <u>\$2,083,668</u> | <u>\$2,083,668</u> |

8. Endowment Funds

The Friends has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA), as of September 2010 when New York State implemented the regulations. In accordance with NYPMIFA regulations, the Friends records all accumulated appreciation of endowment assets as temporarily restricted net assets until the funds are appropriated for spending. Depreciation of endowment assets reduces temporarily restricted net assets to the extent unrealized gains have been accumulated and then reduces unrestricted net assets. Under NYPMIFA guidelines, the Friends, with donor approval and Board approval, has the option to spend below the Historic Dollar Value (HDV) of the individual endowments; however, the Board of the Friends has historically followed a policy that it is prudent to maintain the HDV of all endowment funds to maintain purchasing power of the donor-restricted endowment funds. Under NYPMIFA, unless an endowment fund grant instrument specifically requires the Friends to maintain the purchasing power of such fund, the Friends are not charged with doing so.

Historically, the Friends has followed a spending practice that only the interest and dividend earnings generated by the endowment funds will be available for spending. Accumulated appreciation on the funds will be reinvested in the fund. Should the market value of an individual endowment fund account fall below its HDV, unless the endowment grant specifically requires that the Friends must at all times maintain HDV, the Board believes that the Friends is not required to immediately replace any lost value below HDV. In the event that current value, as shown at the year-end annual reporting date does fall below HDV, it is the Board's current policy to not spend any funds, either from earnings or investment gains, until the HDV is reestablished. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Friends are required to retain as a fund of perpetual duration. There are no deficiencies at December 31, 2017.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

8. Endowment Funds (continued)

Following is a reconciliation of the endowment fund for the years ended December 31, 2017 and 2016:

| | 2017 | 2016 |
|--|--------------|--------------|
| Balance at beginning of year | \$ 3,104,364 | \$ 3,003,528 |
| Contributions | - | - |
| Investment income | | |
| Interest and dividends | 82,194 | 75,847 |
| Realized gains (losses) on investments | 238,272 | (462) |
| Unrealized gains (losses) on investments | 279,736 | 120,414 |
| Expenditures | (77,356) | (94,963) |
| Balance at end of year | \$ 3,627,210 | \$ 3,104,364 |

The endowment fund balance is included in net assets on the statement of financial position at December 31, 2017 and 2016 as follows:

| | 2017 | 2016 |
|--|--------------|--------------|
| Temporarily restricted net assets: | | |
| Cumulative investment income less expenditures | \$ 1,543,542 | \$ 1,020,696 |
| Permanently restricted net assets | 2,083,668 | 2,083,668 |
| | \$ 3,627,210 | \$ 3,104,364 |

9. Retirement Plans

The Friends has a 401(k) defined contribution retirement plan for its employees. The Friends will match 25% of the employees' contributions, up to 6% of their gross salary. The employees become vested in the plan over a five year period. The retirement expenses for the Friends in 2017 and 2016 were approximately \$4,700 and \$5,900, respectively.

10. Related Parties

The Friends occupy space in the building that is owned and operated by the Rosamond Gifford Zoo at Burnet Park. They are not charged rent for this space.

The Friends donated approximately \$130,000 and \$2,054,000 for the years ended December 31, 2017 and 2016, respectively, to the Rosamond Gifford Zoo at Burnet Park for improvements and assistance in the expansion of the Zoo.

**FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC**

Notes to Consolidated Financial Statements

11. Commitments and Contingencies

The Friends from time to time is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Friends.

12. Revolving Demand Note

On August 4, 2015 the Friends secured a revolving demand note with M&T Bank up to \$1,500,000, at the bank's prime rate plus 2%, secured by the Friends property. At December 31, 2017 and 2016 there were no outstanding balances on this note.

13. Subsequent Events

The Friends has evaluated subsequent events through April 19, 2018, which is the date the financial statements were available to be issued.

FRIENDS OF THE ROSAMOND GIFFORD ZOO AT BURNET PARK, INC.
and CATERING AT THE ZOO, LLC

Consolidated Schedule of Functional Expenses

For the Year Ended December 31, 2017

(with Summarized, Comparative Totals for the Year Ended December 31, 2016)

| | Program Services | | | Facility rentals/ Catering | Total Program Services | Supporting Services | | Total Supporting Services | Total | |
|---|------------------|--------------|-------------------------|-------------------------------|------------------------------|---------------------------|-----------------------------|---------------------------------|--------------|--------------|
| | Zoo Support | Gift Shop | Educational Programs | | | Management and General | Fund Raising/ Membership | | 2017 | 2016 |
| Salaries | 333,149 | 134,493 | 208,457 | 303,592 | 979,691 | 358,307 | 140,207 | 498,514 | \$ 1,478,205 | \$ 1,446,791 |
| Employee benefits | 16,927 | 12,561 | 10,346 | 25,950 | 65,784 | 28,808 | 19,362 | 48,170 | 113,954 | 96,441 |
| Payroll taxes | 44,140 | 16,911 | 26,544 | 31,449 | 119,044 | 30,369 | 11,524 | 41,893 | 160,937 | 153,681 |
| Total salaries and related expenses | 394,216 | 163,965 | 245,347 | 360,991 | 1,164,519 | 417,484 | 171,093 | 588,577 | 1,753,096 | 1,696,931 |
| Professional fees and contracted services | 72,508 | 7,192 | 2,783 | 31,858 | 114,341 | 25,469 | 19,809 | 45,278 | 159,619 | 1,996,511 |
| Supplies and minor equipment | 50,769 | 4,653 | 15,849 | 21,577 | 92,848 | 7,715 | 5,585 | 13,300 | 106,148 | 117,061 |
| Telephone | 540 | - | 504 | 123 | 1,167 | 2,528 | - | 2,528 | 3,695 | 3,611 |
| Postage | 215 | 57 | 1,233 | 99 | 1,604 | 855 | 25,926 | 26,781 | 28,385 | 28,556 |
| Printing and public relations | 10,174 | 40 | 1,804 | 5,257 | 17,275 | 57,824 | 45,440 | 103,264 | 120,539 | 112,791 |
| Travel, conferences and staff education | 15,079 | 209 | 890 | 1,042 | 17,220 | 11,617 | 5,530 | 17,147 | 34,367 | 46,141 |
| Equipment maintenance and rental | 67,197 | 8,295 | 6,007 | 20,406 | 101,905 | 13,632 | 15,435 | 29,067 | 130,972 | 176,151 |
| Insurance | 6,134 | 1,785 | 2,402 | 8,155 | 18,476 | 1,781 | 2,675 | 4,456 | 22,932 | 24,531 |
| Non-due County share | 106,030 | - | - | - | 106,030 | - | - | - | 106,030 | 107,961 |
| Projects and exhibit support | 53,541 | - | - | - | 53,541 | - | - | - | 53,541 | 45,481 |
| Administrative Allocation | (46,661) | 10,223 | (37,174) | 24,588 | (49,024) | (24,588) | - | (24,588) | (73,612) | - |
| Bad debt | - | - | - | - | - | 14,495 | - | 14,495 | 14,495 | 3,571 |
| Miscellaneous and administrative allocation | 32,394 | 10,078 | 3,009 | 8,698 | 54,179 | 4,985 | 10,189 | 15,174 | 69,353 | 53,701 |
| Total before depreciation expense | 762,136 | 206,497 | 242,654 | 482,794 | 1,694,081 | 533,797 | 301,682 | 835,479 | 2,529,560 | 4,413,051 |
| Depreciation expense | 11,262 | 2,058 | 4,657 | 8,801 | 26,778 | 249 | 1,660 | 1,909 | 28,687 | 31,121 |
| Total functional expenses | \$ 773,398 | \$ 208,555 | \$ 247,311 | \$ 491,595 | \$ 1,720,859 | \$ 534,046 | \$ 303,342 | \$ 837,388 | \$ 2,558,247 | \$ 4,444,181 |

